

Democrat majority in Congress, the Press Secretary said, "No, I'm not."

I believe, Mr. Speaker, this is all code for a willingness within the Bush administration to consider raising taxes in exchange for achieving Social Security reform. Such a tax increase would likely come from lifting or eliminating the cap on the amount of salary and wages subject to the payroll tax. The current income that is subject to the payroll tax is \$94,200.

But raising payroll taxes, I would offer, would prove devastating to working Americans, small businesses and the economy as a whole and, worse, if we eliminated the cap on income subject to payroll taxes for Social Security, would only add a brief 7 years to Social Security's financial solvency.

According to the Heritage Foundation, eliminating the cap will increase taxes by \$484 billion over the first 5 years. This 12.4 percentage point marginal tax rate increase would hit middle income families struggling to make ends meet, pay for college and save for retirement, and much of the increase would be borne by the 3 million small business owners who pay both the employer and employee portion of the tax hike. These entrepreneurs are the driving force of our economy, Mr. Speaker. And as a result, a tax increase of this nature would result in a 2 to 3 percent reduction in economic growth, causing massive layoffs across the country. And, again, eliminating the cap on income subjected to Social Security payroll tax would only extend the life of Social Security for 7 years.

Now, there are many, even on my side of the aisle, that are flirting with the notion of raising taxes. But, Mr. Speaker, we have been down this road before. It was 1990, when I was a candidate for Congress, when another President Bush teamed up with a Democrat majority in Congress and headed to Andrews Air Force Base all in the name of entitlement reform and deficit reduction, brought the American people the promise of reform in the future, and the largest tax increase in American history.

We must not go down the road of compromise again. I think the administration needs to be clear that any Social Security compromise must reject tax increases of any kind. That means no increase in the payroll tax rate and no change in the cap apart from the current indexing that happens under the law.

I would say, respectfully, to my colleagues and to the President of the United States, we should say to our good friends in the new majority, "Read our lips. No new taxes."

It is imperative that we bring reforms like personal savings accounts to this new deal program. I think it is imperative that we make the new deal a better deal for younger Americans, but raising taxes on small business owners and family farmers in the manner of lifting the cap or raising the rate is an idea whose time should never come.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

(Mr. PALLONE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

LAPSE OF SAFE AND SECURE COUNTY RURAL SCHOOLS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFazio) is recognized for 5 minutes.

Mr. DEFazio. Mr. Speaker, as I speak here on the floor of the House today, layoff notices are being prepared for teachers, for county sheriff deputies, and other workers in counties in the Pacific Northwest and indeed, across America. This is a result of the lapse of something called the Safe and Secure County Rural Schools Act, legislation that was enacted in a bipartisan way when Bill Clinton was President of the United States and the Republicans controlled the House and the Senate. And this legislation was adopted in recognition that many counties across America are substantially owned by the Federal Government. And the Federal Government is obviously exempt from taxes. And because of major changes in Federal environmental laws, timber harvest in those counties has dropped dramatically, in some cases to near zero. Therefore, the shared revenues, under a compact with the Federal Government, of these counties and schools have shared in the revenues with the Federal Government. And now, for many counties, these revenues would be near zero without the guarantees that were enacted in the last year of the Clinton presidency. I argued at the time that they should be made permanent. Unfortunately, lobbying by the timber industry and some county commissioners who hadn't thought this through, who thought they could drive a crisis and maybe get a change in forest policy, they were made temporary. They have expired as of the 1st of October and that is why the layoff notices are being prepared now.

Congress must act to renew this legislation. Congress needs to hold up its end of the bargain with these counties and these schools across America. The formula is based on historic timber harvest, and historic timber harvest has dropped dramatically, as I said earlier. Some criticize Oregon saying, well, you get a lot of the money. Well, we have the highest Federal ownership of forest lands and the highest timber harvest on Federal lands, and we also have something that is very unique called the ONC lands, which are a vestige of a failed railroad and reversion of Federal lands and the agreement between the counties and the Federal Government. Quite complicated.

But the bottom line is, we are just asking the Federal Government to make good on its commitment, its

partnership. Otherwise, we are going to see, essentially, counties in southwest Oregon who have very little other opportunity to raise revenues, and none regarding the Federal lands. They don't get PILT payments or anything else. We are going to see them laying off vital service providers. There are large parts of southwest Oregon that could become virtually lawless with our State cutbacks in State police and the question of whether or not we will be able to have county sheriff patrols in large areas. In my home county, the size of the State of Connecticut, you know, once when this happened previously, because of a depression in the timber industry, we had no deputies in an area the size of the State of Connecticut, outside of the cities. With the meth epidemic in rural areas in the West and other things, this would be very bad, not only for Oregon and those counties, but for the entire western United States. It is in the public interest.

We are hopeful, we have asked the President to put it in his budget. Last year he sort of haphazardly put it in his budget after ignoring the issue for a number of years. Unfortunately, the financing mechanism that the President chose was immediately criticized by Republican Senators, and declared to be a nonstarter. There are indications it may be in the President's budget this year. We are hoping that the President has found a more suitable offset, something that we can bring to the Congress and begin to move this legislation through.

We need to look at the emergency supplemental for the possibility of a 1-year extension, and then I am committed to moving a permanent extension through a committee on which I serve, the Resources Committee. Greg Walden and I did that 2 years ago very quickly. But the bill stalled out in Agriculture. Hopefully, this time after we get it out of the Resources Committee, that it will move more expeditiously through the Agriculture Committee for the deliberation of the entire Congress. It is not just the Pacific Northwest at risk. It is hundreds of counties and school districts, from Florida to Maine, all across America, who are at risk. And this Congress and this President need to act to fulfill this commitment and this promise.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. POE) is recognized for 5 minutes.

(Mr. POE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)